

AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 857

Introduced by Assembly Member Frommer

February 20, 2003

An act to add Section 12734 and 12739.5 to the Insurance Code, relating to health insurance, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 857, as amended, Frommer. Major Risk Medical Insurance Program.

Existing law creates the Major Risk Medical Insurance Program, administered by the Managed Risk Medical Insurance Board, in order to provide health insurance to persons who are unable to secure adequate coverage because of preexisting conditions.

This bill would require the board to seek federal funding for high risk health insurance pools pursuant to the federal Trade Act of 2002. The bill would provide that individuals who are eligible for tax credits under that federal law would be eligible to purchase health insurance through the program. Because the bill would require federal funds received by the board in this regard to be deposited in the Major Risk Medical Insurance Fund, a continuously appropriated fund, the bill would make an appropriation.

These provisions of the bill would not become operative unless the board determines that the bill will provide federal funds to the program that will offset additional costs incurred by the program.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12734 is added to the Insurance Code,
2 to read:

3 12734. (a) The intent of this section is to implement
4 provisions of Title II of the federal Trade Act of 2002 (P.L.
5 107-210) by providing a wide choice of health insurance options
6 for eligible individuals to purchase and thereby receive a federal
7 tax credit as provided by those provisions.

8 (b) Individuals who are eligible for tax credits pursuant to Title
9 II of the federal Trade Act of 2002 (P.L. 107-210) shall be eligible
10 to purchase health insurance through the program.

11 SEC. 2. Section 12739.5 is added to the Insurance Code, to
12 read:

13 12739.5. (a) The board shall seek federal funding for high
14 risk health insurance pools pursuant to Title II of the federal Trade
15 Act of 2002 (P.L. 107-210).

16 (b) Federal funds received pursuant to this section shall be
17 deposited in the fund and shall be expended by the board for the
18 purposes of this part.

19 *SEC. 3. Sections 1 and 2 of this act shall not become operative*
20 *unless the Major Risk Medical Insurance Board determines, based*
21 *on an actuarial analysis performed at its request, that Sections 1*
22 *and 2 of this act will result in the provision of federal funds to the*
23 *Major Risk Medical Insurance Program that will offset any*
24 *additional costs incurred by the program resulting from making*
25 *additional individuals eligible for the program under this Sections*
26 *1 and 2 of this act.*

